

STARVISTA

FINANCIAL STATEMENTS

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
StarVista

Report on the Financial Statements

We have audited the accompanying financial statements of StarVista (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of StarVista as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited StarVista's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2020, on our consideration of StarVista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of StarVista's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StarVista's internal control over financial reporting and compliance.

Harrington Group

Oakland, California

February 3, 2020

STARVISTA

STATEMENT OF FINANCIAL POSITION

June 30, 2019

With comparative totals at June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
ASSETS				
Cash and cash equivalents (Note 2)	\$ 268,926	\$ 207,390	\$ 476,316	\$ 446,761
Accounts receivable	2,477,498		2,477,498	2,237,436
Investments (Note 4)	1,000		1,000	1,000
Prepaid expenses and other assets	147,629		147,629	123,813
Property and equipment (Note 5)	1,351,473		1,351,473	1,361,202
	TOTAL ASSETS	\$ 207,390	\$ 4,453,916	\$ 4,170,212
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 339,108	\$ -	\$ 339,108	\$ 187,654
Accrued liabilities (Note 6)	1,109,432		1,109,432	730,949
Lines of credit (Note 7)			-	250,000
Note payable (Note 8)	138,000		138,000	138,000
	TOTAL LIABILITIES	-	1,586,540	1,306,603
NET ASSETS				
Without donor restrictions	2,659,986		2,659,986	2,656,219
With donor restrictions (Note 11)		207,390	207,390	207,390
	TOTAL NET ASSETS	207,390	2,867,376	2,863,609
	TOTAL LIABILITIES AND NET ASSETS	\$ 207,390	\$ 4,453,916	\$ 4,170,212

The accompanying notes are an integral part of these financial statements.

STARVISTA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
REVENUE AND SUPPORT				
Government contracts	\$ 12,303,228	\$ -	\$ 12,303,228	\$ 10,981,728
Program fees	1,164,179		1,164,179	1,159,105
Foundation grants	168,000	550,000	718,000	977,500
Contributions	675,935		675,935	322,494
Special events, net of expenses \$40,388	78,400		78,400	120,214
Miscellaneous income	147,596		147,596	92,314
Net assets released from restrictions	550,000	(550,000)	-	-
TOTAL REVENUE AND SUPPORT	15,087,338	-	15,087,338	13,653,355
EXPENSES				
Program services	14,489,797		14,489,797	12,992,994
General and administration	601		601	19,945
Fundraising	593,173		593,173	598,438
TOTAL EXPENSES	15,083,571	-	15,083,571	13,611,377
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	3,767	-	3,767	41,978
OTHER CHANGES				
Transfer of assets due to acquisition (Note 11)			-	721,727
CHANGE IN NET ASSETS	3,767	-	3,767	763,705
NET ASSETS, BEGINNING OF YEAR	2,656,219	207,390	2,863,609	2,099,904
NET ASSETS, END OF YEAR	\$ 2,659,986	\$ 207,390	\$ 2,867,376	\$ 2,863,609

The accompanying notes are an integral part of these financial statements.

STARVISTA

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

With comparative totals for the year ended June 30, 2018

	Program Services				Total Program Services	General and Administration	Fundraising	Total Expenses	
	Early Childhood and Family Services	Youth Empowerment Services	Wellness and Recovery Services	Clinical and Community Services				2019	2018
Salaries	\$ 3,072,085	\$ 1,317,889	\$ 2,682,929	\$ 927,696	\$ 8,000,599	\$ 1,314,963	\$ 380,678	\$ 9,696,240	\$ 8,961,035
Payroll taxes and employee benefits	657,531	292,801	575,236	201,361	1,726,929	266,907	68,484	2,062,320	1,955,891
Total personnel costs	3,729,616	1,610,690	3,258,165	1,129,057	9,727,528	1,581,870	449,162	11,758,560	10,916,926
Occupancy	247,284	137,872	412,744	162,982	960,882	162,163	7,729	1,130,774	1,169,487
Client related expenses	40,779	812,788	77,644	21,981	953,192			953,192	271,988
Professional fees	636	2,073	11,394	154,445	168,548	170,325		338,873	363,317
Communications	58,059	18,979	52,973	12,307	142,318	38,355	489	181,162	190,578
Supplies	51,844	29,932	28,648	14,594	125,018	21,339	14,121	160,478	158,555
Travel and conferences	60,108	16,102	28,798	7,398	112,406	4,389	302	117,097	92,160
Insurance					-	81,888		81,888	73,644
Depreciation and amortization					-	80,282		80,282	64,656
Miscellaneous expenses	3,606	1,205	1,651	3,585	10,047	47,926	11,136	69,109	81,598
Consultants and training	25,325	781	28,863	6,893	61,862	4,267	2,748	68,877	89,886
Postage and printing	12,472	3,531	8,509	4,856	29,368	12,525	13,237	55,130	44,555
Staff related expenses	9,869	7,930	7,915	4,755	30,469	15,303	755	46,527	53,258
Equipment rental	7,251	8,384	12,804	4,842	33,281	8,341		41,622	40,769
Total functional expenses before indirect expense allocation	4,246,849	2,650,267	3,930,108	1,527,695	12,354,919	2,228,973	499,679	15,083,571	13,611,377
Indirect expense allocation	733,836	457,954	679,107	263,981	2,134,878	(2,228,372)	93,494	-	-
TOTAL 2019 FUNCTIONAL EXPENSES AFTER INDIRECT EXPENSE ALLOCATION	\$ 4,980,685	\$ 3,108,221	\$ 4,609,215	\$ 1,791,676	\$ 14,489,797	\$ 601	\$ 593,173	\$ 15,083,571	
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 4,899,538	\$ 2,085,206	\$ 4,335,360	\$ 1,672,890	\$ 12,992,994	\$ 19,945	\$ 598,438		\$ 13,611,377

The accompanying notes are an integral part of these financial statements.

STARVISTA

STATEMENT OF CASH FLOWS
For the year ended June 30, 2019
With comparative totals for the year ended June 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,767	\$ 763,705
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Transfer of assets due to acquisition	-	(721,727)
Net effect of acquisition into cash	-	(37,244)
Depreciation and amortization	80,282	64,656
(Increase) decrease in operating assets:		
Accounts receivable	(240,062)	(208,300)
Prepaid expenses and other assets	(23,816)	(18,164)
Increase (decrease) in operating liabilities:		
Accounts payable	151,454	45,278
Accrued liabilities	378,483	114,751
NET CASH PROVIDED BY OPERATING ACTIVITIES	350,108	2,955
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(70,553)	(212,288)
NET CASH (USED) BY INVESTING ACTIVITIES	(70,553)	(212,288)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings on lines of credit	1,000,000	800,000
Payments on lines of credit	(1,250,000)	(800,000)
NET CASH (USED) BY FINANCING ACTIVITIES	(250,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,555	(209,333)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	446,761	656,094
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 476,316	\$ 446,761
SUPPLEMENTAL DISCLOSURE:		
Operating activities reflect interest paid of:	\$ 46,915	\$ 63,464
Transfer of property and equipment due to acquisition:	\$ -	\$ 1,008,971
Transfer of line of credit due to acquisition:	\$ -	\$ 250,000

The accompanying notes are an integral part of these financial statements.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

StarVista is a nonprofit 501(c)(3) organization incorporated in the State of California. StarVista's major sources of revenue are government contracts, foundation, and other grants. StarVista provides a comprehensive array of free or low-cost multi-lingual social services to residents of San Mateo County. StarVista is dedicated to helping children, youth, and adults make positive changes in their lives providing them with the support and tools to build their skills and enhance their strengths. The following programs aid in achievement of these goals:

Early Childhood and Family Services:

Early Childhood Community Team – Strives to foster healthy cognitive, emotional and social development for children prenatal through age five(5), with a special focus on infants and children under three(3). StarVista serves children and their families located specifically in the Half Moon Bay, Pescadero, La Honda, Daly City, South San Francisco, and Redwood City Communities.

Child and Parent Services – Provides range of services including family and individual therapy, parent education, parenting support, case management, as well as parenting groups in the community. These services are available to any family with a child 0-18. The focus of the program is to reduce caregiver stress through a strength-based and short-term approach. This program currently serves families residing in Daly City, South San Francisco, San Bruno, San Mateo, and Half Moon Bay.

Differential Response – A home visiting program that provides both individual and family therapy as well as case management services for families who have been referred by Child Protective Services and evaluated as low to moderate risk of neglect or abuse. To strengthen the family's ability to function, case managers help link the families to resource centers, in-home therapy, and other services in schools and the local community.

ECMHC Program – Provides mental health consultation, early intervention services, and clinical support for parents and caregivers on-site at subsidized childcare centers. The focus is on improving their ability to observe, understand, and respond to the needs of both the children and parents within their own programs.

Healthy Homes – A county-wide, comprehensive, family support program serving pregnant women and families, with children birth through age 5, who are facing a variety of stressors in their lives. Through the provision of groups, parent support, education, and mental health services, Healthy Homes strives to prevent child abuse and neglect, enhance the parent-child relationship, and reduce the impact of risk factors such as domestic violence, trauma, poverty, food insecurity, substance abuse, mental illness and language barriers among others.

Crisis Intervention and Suicide Prevention Center – Provides education and crisis intervention services for schools, a 24-hour suicide crisis hotline, online teen support and chatroom, an alcohol and drug helpline, and a parent support hotline. The program also provides the community with presentations regarding mental health topics such as general mental health information, suicide prevention, and cyberbullying.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Children and Family Resource Center – Provides clinical services for children and families in San Mateo County’s most vulnerable communities. StarVista collaborates closely with school administrators and educators to identify students who would benefit from therapeutic services.

Health Ambassador Program - Youth (also known as HAP-Y) – Seeks to train youth aged 16-24 to become health ambassadors. Training covers common challenges in mental wellness, learning the signs and risks of suicide, suicide prevention, and how to access mental health services.

Clinical and Community Services:

Counseling Center – Provides affordable family counseling services for children, adolescents, adults and families, covering relationship issues, behavioral concerns, depression/anxiety, life transitions, peer conflicts, homework stress, self-esteem, and more. Clients are able to learn new coping strategies, change negative patterns, and increase parenting skills.

The Children’s Place – Offers prevention services for children of parents who are addicted to drugs or alcohol. In an effort to break the cycle of addiction, the program uses education and counseling to teach children about addiction, help them learn healthy coping and safety skills, build their self-esteem, and help them realize that they are not alone.

Foster Youth Education and Enrichment Services – is an innovative program dedicated to support foster youth in San Mateo County in achieving successful outcomes in education and enrichment by providing case management services to children in foster care, grades Kindergarten – 8th grade. Through assessing, intervening and providing comprehensive services to children in foster care, this program improves outcomes for our children in foster care.

Pride Center – Provides intensive support services for individuals and families in the LGBTQ+ community. The Center is a partnership between StarVista and the various organizations in the community.

Wellness and Recovery Services:

Archway – Provides court-mandated education and counseling for adults convicted of domestic violence offences, drug possession, being under the influence of illegal drugs, or driving under the influence of drugs or alcohol. Participants learn about addiction, anger management, stress management and communication, as well as the legal and social consequences of their actions.

Insights – A voluntary drug and alcohol recovery program that empowers youth to take responsibility and facilitate positive, lasting changes for themselves and for their families. Through case management, individual, group, and family counseling, participants learn about anger management, relationships, mental health, communicating with parents, and more.

Bridges – Intensive outpatient treatment program focused on helping formerly incarcerated alcohol and drug offenders end the cycle of substance abuse and crime. This collaborative program was created to make a difference in the lives of addicted offenders who had given up hope of changing their circumstances.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

School Based Services – School Based-sends qualified mental health clinicians into more than 30 elementary and high schools to provide a myriad of services, including individual and group therapy, assessment, psycho-education, crisis intervention, classroom presentations and teacher consultation. The goal of this program is to improve aspects of students’ lives that may lead to enhanced school performance and engagement in learning.

First Chance Outpatient Services – An outpatient program for non-violent simple drug possession offenders that provides substance abuse treatment instead of incarceration, as dictated by California Proposition 36. Participants learn about anger management, domestic violence, mental health, parenting, and receive case management, individual, and group counseling, follow-up support, and referrals to other resources.

First Chance Sobering Station – A 24-hour program that serves as an alternative to jail for persons arrested for driving under the influence or public intoxication. Services include housing during the period of inebriation, substance abuse assessment, referral services and extended case management.

Women’s Enrichment Center – An intensive day treatment program for women diagnosed with both substance abuse and mental health issues. Clients attend five-hour classes five days a week, “receive group and individual therapy and learn” about addiction and mental health while managing housing, occupational, finance, parenting, medical, and dental issues.

DUI - Helping offenders comply with local court, state system, and DMV mandates. Services include individual and group counseling and education, with daytime, evening, and weekend groups available through first offender and multiple offender programs.

Youth Empowerment Services:

Daybreak – Provides transitional housing and independent living skills training for homeless teens aged 16-21. Residents participate in a structured twelve-month program where they are required to attend school, work, and save a portion of their paychecks. Youth are connected to medical and mental health services, and learn how to shop, cook, manage their money, find and maintain a job, and locate housing.

GIRLS Program – An intensive court-mandated program that provides assessment, counseling, and case management services for incarcerated girls aged 13-18. The program’s goals are to improve the young women’s psychological well-being, physical health, emotional stability, family/social interactions, occupational readiness, and intellectual growth.

Institutions (for GIRLS) - Offers individual, group, and case management services for youth currently incarcerated. Provides after-care case management services for youth that have been released on probation.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Transitional Housing Youth Services – A program that provides housing or rental assistance with comprehensive supportive case management services for qualified former foster care and probation youth ages 18 to 24. Youth participating in this program are required to work and/or go to school while learning independent living skills.

Mindfulness Based Substance Abuse Treatment (MBSAT) – Helping individuals improve their overall wellness. Services provided exclusively to young people in the community that are attempting to overcome stress, anxiety, substance use and improve. Participants will learn to stay present, work through life's stressors more effectively, and reduce the need for substances to cope.

Your House South – Provides 24-hour emergency and temporary housing for runaway and homeless youth and those whose families are in crisis. Youth up to age 17 participate in a structured program that includes individual, group, and family counseling, with a goal of reuniting the youth with their families.

Youth Development Initiative – Promotes and advocates the healthy development of youth through leadership resiliency groups, peer mediation and youth advisory board. High-school students are able to learn about and survey health and wellness, be trained to provide peer mediation and conduct research to reflect the current areas of need reported by youth in our community.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

StarVista considers all short-term investments with an original maturity date of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are receivables from governmental agencies and are considered fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Concentration of Credit Risks

StarVista places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. StarVista has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2019 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of StarVista's receivables consist of earned fees from contract programs granted by governmental agencies.

Investments

StarVista values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statements of Activities as gain (loss) on investments. Short-term highly liquid certificate of deposit that is not used for operations is treated as investments under a conservative investment policy developed by the Board.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets which range from five to twenty-seven and one half years. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$2,500 and the useful life is greater than one year.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at fair value in the period received.

A number of unpaid volunteers have made significant contributions of their time to StarVista. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

Income Taxes

StarVista is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by StarVista in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. StarVista's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

The costs of providing StarVista's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "without donor restrictions" and "with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. StarVista's financial statements for year-ended June 30, 2019 are presented in accordance with ASU 2016-14.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with StarVista's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Subsequent Event

Management has evaluated subsequent events through February 3, 2020, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources

StarVista regularly monitors its liquidity to meet the operating needs of the organization. StarVista has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivables, as well as \$1.5 million credit lines from financial institutions.

In addition to financial assets available to meet its general expenditures, StarVista operates annually with a balanced budget approved by the Board of Directors, and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 476,316
Accounts receivable	<u>2,477,498</u>
Total financial assets at year-end	2,953,814
Less: donor restricted funds	<u>(207,390)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$2,746,424</u>

4. Investments

Investments at June 30, 2019 consist of other investments in the amount of \$1,000.

5. Property and Equipment

Property and equipment at June 30, 2019 consist of the following:

Land	\$ 640,535
Building	674,378
Leasehold improvements	464,079
Furniture and equipment	<u>328,847</u>
	2,107,839
Less: accumulated depreciation and amortization	<u>(756,366)</u>
	<u>\$1,351,473</u>

Depreciation and amortization expense for the year ended June 30, 2019 was \$80,282.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

6. Accrued Liabilities

Accrued liabilities at June 30, 2019 consist of the following:

Accrued vacation	\$ 564,358
Accrued salaries and payroll taxes	277,903
Other accrued liabilities	<u>267,171</u>
	<u>\$1,109,432</u>

7. Lines of Credit

StarVista has a revolving line of credit with a bank, in the amount of \$1,000,000, at an interest rate equal to the greater of a floating rate equal to the index plus 0.00% (“the Index Rate”) or the Floor Rate of 5.00%, due July 2022. The Index Rate is the Prime Rate set by the bank from time to time. The line of credit is renewable annually. At June 30, 2019 there was no outstanding balance.

StarVista has a revolving line of credit with a bank, in the amount of \$500,000, at an interest rate equal to the greater of a floating rate equal to the index plus 0.00% (“the Index Rate”) or the Floor Rate of 5.00%, due July 2020. The Index Rate is the Prime Rate set by the bank from time to time. The line of credit is renewable annually. At June 30, 2019, there was no outstanding balance.

8. Note Payable

StarVista has a non-interest bearing note payable to various local governments, collateralized by land and building, payable in one installment of \$138,000 in June 2040. At the time the principal is repaid, the note holders are entitled to payment, representing their proportional share of appreciation of the land and building. At June 30, 2019, the outstanding balance was \$138,000.

9. Employee Benefit Plans

StarVista sponsors a section 403(b) and a 401(k) salary reduction plans. Eligible employees can make voluntary contributions up to the extent allowable by law. StarVista determines annually if it will make discretionary contributions to the plans. For the year ended June 30, 2019, StarVista did not make any discretionary contributions.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

10. Commitments and Contingencies

Obligations Under Operating Leases

StarVista leases real property and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending June 30,</u>	
2020	\$ 945,337
2021	855,367
2022	528,100
2023	255,098
2024	<u>209,646</u>
	<u>\$2,793,548</u>

Rent expense under operating leases for the year ended June 30, 2019 was \$957,407.

Contracts

StarVista's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, StarVista has no provision for the possible disallowance of program costs on its financial statements.

11. Net Assets With Donor Restrictions

Net assets with donor restriction at June 30, 2019, consist of the following:

Daybreak loan – purpose restriction	<u>\$207,390</u>
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StarVista owns and operates a transitional youth housing center which houses the Daybreak program. The building was purchased through Community Development Block Grant ("CDBG") loans passed through from local government units (see Note 8). This building is restricted as to use for transitional youth housing, and is currently classified under the Daybreak program.

For the year ended June 30, 2019, there were no net assets released from restrictions.